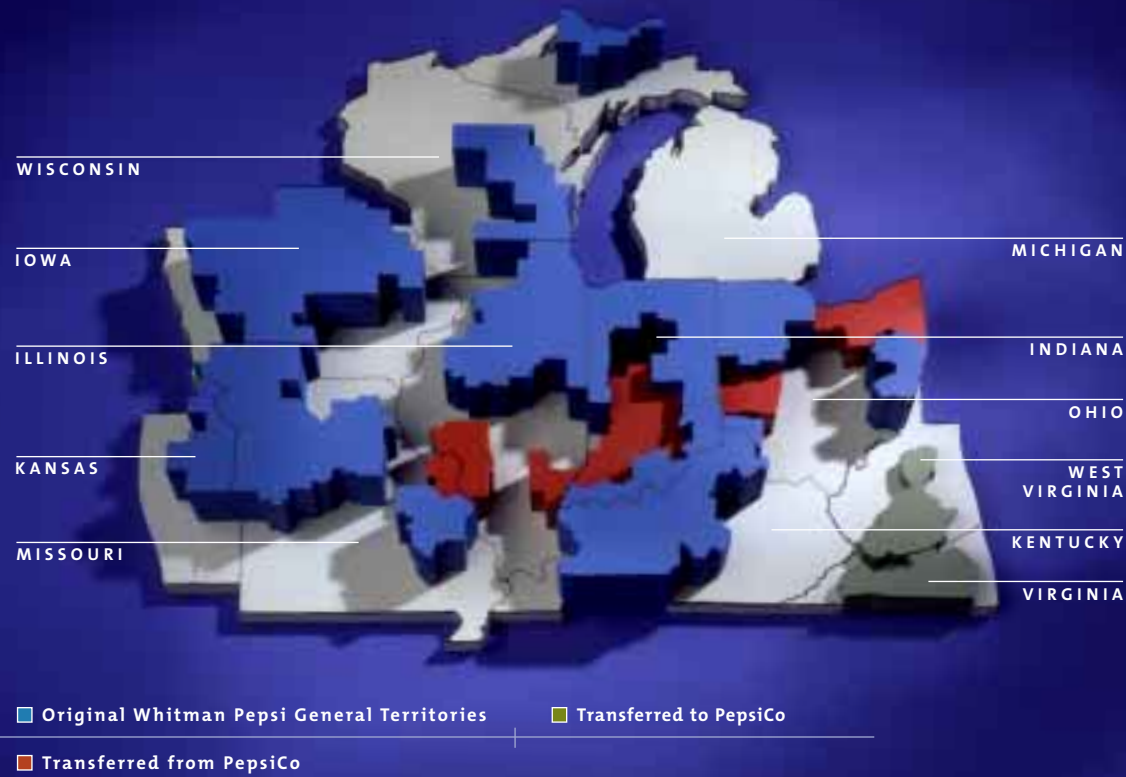


MIDWEST UNITED STATES



Whitman Pepsi General acquired major markets in the Midwest United States, including Cleveland, Indianapolis, and St. Louis.

Whitman Pepsi General now represents more than 17 percent of Pepsi's volume in the United States.

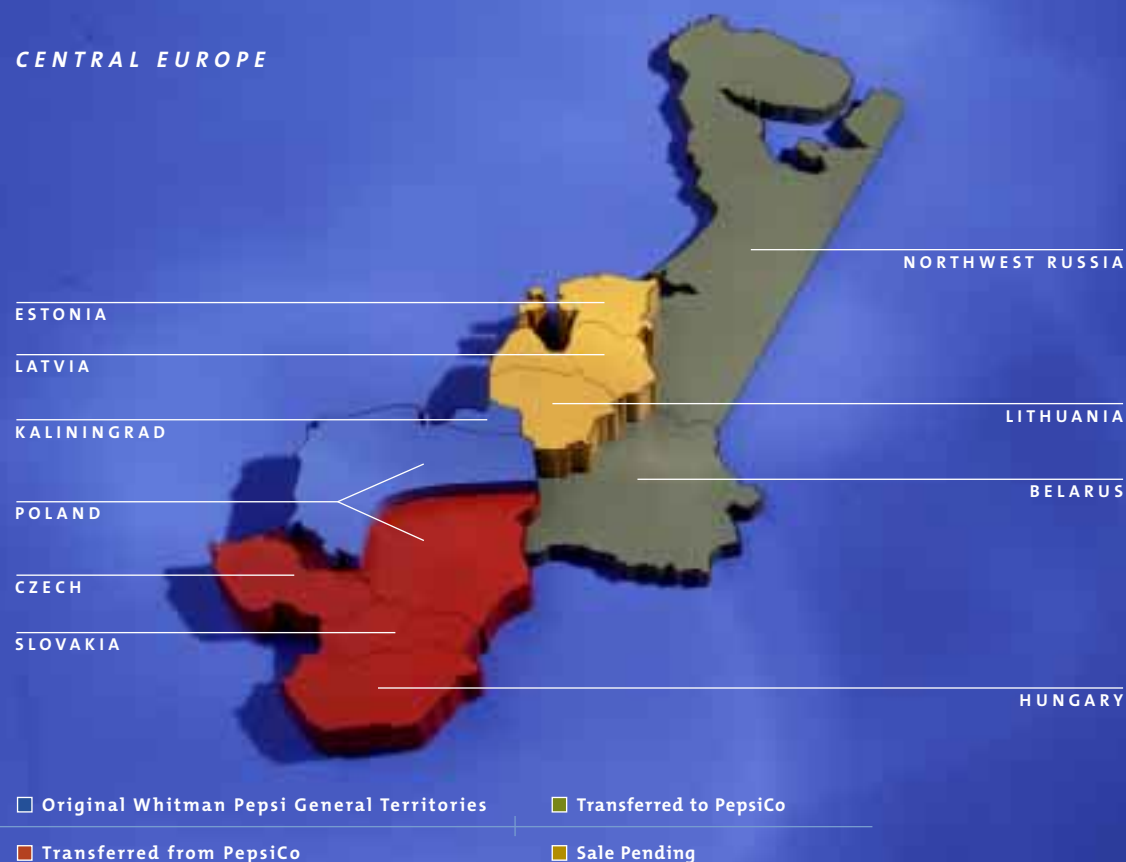
Whitman Pepsi General sells more than 600 million 8-ounce equivalent cases in the United States.

Whitman Pepsi General now serves a market of about 35 million people in 10 Midwestern states.

In May of 1999, Whitman Pepsi General became an

anchor bottler for PepsiCo.

CENTRAL EUROPE



Whitman Pepsi General now has operations in Poland, Hungary, Czech Republic, and Republic of Slovakia.

Whitman Pepsi General has eight bottling plants in Central Europe.

Whitman Pepsi General's International operations represent 10 percent of sales.

Whitman Pepsi General now serves a market of about 65 million people in Central Europe.

Letter to Shareholders

WHITMAN CORPORATION and the bottling industry have come through a year of transformation and profound change. Looking back at 1999, we could say with the Grateful Dead, “What a long, strange trip it’s been.”

In 1999, analysts and investors changed the way they evaluated bottling stocks. They switched their focus to returns on investments and put less emphasis on EBITDA (earnings before interest, income taxes, depreciation, and amortization), which had been the traditional yardstick.

We welcome that development, because historically Whitman has had higher returns, operating margins, and EBITDA margins than other publicly-traded bottling companies. Yet our stock did not perform well this past year for reasons I’ll come to in a moment.

Also in 1999, PepsiCo restructured its distribution system, by completing an IPO of its company-owned bottling operations to form Pepsi-Cola Bottling Group and entering into a new business relationship with Whitman Pepsi General.

As part of our agreement with PepsiCo, we acquired additional territories in the Heartland of the U.S. and Central Europe; sold them our franchise operations in Marion, Virginia, and Princeton, West Virginia, and our operations in Russia; and regained the 20 percent interest PepsiCo held in our subsidiary, Pepsi-Cola General Bottlers. In return, PepsiCo received 54 million shares, representing approximately a 40 percent equity position in Whitman Corporation, and certain other considerations.

1999 STOCK PERFORMANCE

The transaction was complex and difficult for investors to evaluate; and although we actively reached out to the investment community to tell our story, the complexity of the transaction and the lack of comparable year-over-year reported results affected the performance of our stock last year.

In addition, when both Coke and PepsiCo increased the price of concentrate to their bottlers for 2000 after bottlers successfully raised pricing in 1999, some analysts and investors jumped to the false conclusion that both Coke and Pepsi bottlers were essentially captives of the concentrate companies. According to their thinking, concentrate companies have undue power over any bottler’s financial performance.

Unfortunately, concerns about the returns of bottlers and the relationship of bottlers with the concentrate companies came at a time when money was pouring into technology and dot.com stocks faster than water pours over Niagara Falls.

In 1999, the 68 technology stocks in the S&P 500 produced a return of nearly 131 percent. An investment in the remaining 432 stocks produced a return of less than two percent.

We cannot do anything about the short-term irrationality of the market. We can only continue to manage our business in ways that produce superior returns on our investments, and communicate as vigorously as possible the facts about the relationship between the concentrate company and its bottlers.

As far as Whitman Pepsi General is concerned, our interests and those of our concentrate company, PepsiCo, are the same: profitable growth for the entire PepsiCo system. As a bottler, our success depends on PepsiCo building the brand equity of Pepsi, Diet Pepsi, Mountain Dew, Mug Root Beer, Aquafina, and its other brands, as well as developing new products, such as Pepsi One and FruitWorks.

In turn, the success of PepsiCo depends on a network of strong bottlers, which distributes their products efficiently and which earns returns that justify further investment in information technology, production and distribution facilities, and increased points of access, such as full service vending machines.

RELATIONSHIP OF BOTTLER AND CONCENTRATE COMPANY

The concentrate company that squeezes the profitability of its distributors may register a short-term gain. But ultimately it loses. The same is true for the distribution company which does not expand its beverage portfolio or invest prudently in its business.

We are in the same boat, and it is naive to think that one of us can say to the other, “I’m doing fine, but there’s a hole at your end of the canoe.”

There are tensions in any relationship, to be sure, whether it’s a marriage or an association between a bottler and a concentrate company. But just as good marriages survive the occasional spat, good business relationships survive the occasional dispute over some peripheral issue.

Events of 1999 demonstrate the strength and maturity of the Whitman-PepsiCo relationship and its bright prospects for the future.

PepsiCo can speak for itself of the advantages it may realize from the agreement with Whitman Pepsi General. Consider the opportunities it provides for us.

The domestic territories we acquired have operating and EBITDA margins significantly below those of the Whitman Pepsi General territories. We intend to close that gap, and as we do, we will create value for our shareholders.

STRATEGIES TO DRIVE MARGIN IMPROVEMENTS

We made good progress toward our goals in 1999 by reducing the number of domestic sales divisions from 19 to 10, cutting costs by nearly \$10 million on an annualized basis, negotiating 11 labor agreements with more flexible work rules, and increasing the Heartland territories’ penetration of higher margin channels. In 1999, the Heartland territories’ EBITDA margins improved by 140 basis points.

Over the next few years, we expect margins in the Heartland territories to continue to improve as we reduce manufacturing and distribution costs and expand into higher margin channels, including the convenience and gas channel and full service vending.

In International, we reduced the headquarters staff, closed a manufacturing plant in Hungary for further savings, and also moved aggressively into high margin channels. As soon as we receive government approval, we will consolidate staff operations in Poland.

Whitman also moved forward with its strategy to be a total beverage company, which means offering products in all segments of the market, not just products from PepsiCo.

In the Heartland territories, we introduced Avalon water, as well as Nesbitt Lemonade, and Seagram’s mixers.

In Poland, we began distributing Hortex juices, the leading juice drinks in the country.

In Hungary, we began distributing Rauch juices, the leading juice drinks in that country.

In the Czech Republic, we acquired Toma Holding, a local company, which is number one in carbonated soft drinks, private label, flavors, and juices, and the strong number two in the water market. Toma had annual sales of \$39 million in 1999 and has been profitable for the past three years.

PepsiCo agreed the acquisition was in the best interests of the PepsiCo distribution system in that country. In fact, senior management at PepsiCo has encouraged us to seek similar opportunities in our markets in Central Europe.

I have been asked if we require PepsiCo's approval to distribute alternative products which they do not offer. Except for some directly competing products, the answer is no, although, as a practical matter, these decisions are always made in the context of what is best for the Pepsi system, as well as our shareholders.

IMPORTANT CONTRIBUTION OF ALTERNATIVE BEVERAGES

We now distribute more than 45 non-Pepsi products. We are, for example, one of the largest Dr Pepper franchisees in the U.S., and a major distributor of Avalon water, Hawaiian Punch, and some Proctor and Gamble beverages. More than 10 percent of our U.S. business comes from non-Pepsi products. Knowing that history, the degree of independence Whitman Pepsi General has demonstrated over the years, and management's commitment to producing maximum returns for our shareholders, PepsiCo initiated negotiations with us to become a global anchor bottler.

Actions speak louder than words.

From our perspective, the increase in the price of concentrate PepsiCo announced for 2000 does not signal a change in their attitude or our relationship.

We supported the increase for good reason. We look to PepsiCo to build the equity of its brands through promotional and marketing programs and by securing a presence on radio, the Internet, as well as network, cable, and satellite television. Our future is bleak if PepsiCo does not effectively carry the message of value to the consumer. Our outlook is dim if PepsiCo does not continue to develop and promote new products.

The elements of our relationship with PepsiCo are well defined and attractive to both of us. We move forward more closely aligned and more sensitive to our respective requirements and responsibilities than ever before in our history. Events in 1999 demonstrated that PepsiCo is holding up its end of the bargain, just as we are holding up ours.

IMPORTANT EVENTS OF 1999

Whitman's results for the year are presented in detail in the 10-K. Let me mention just a few important events now.

In 1999, we repurchased 16.1 million shares of stock, and received authorization in the fourth quarter to repurchase an additional 15 million shares.

In February, 2000, we sold our operations in the Baltics, eliminating losses of \$2 million. International reported positive EBITDA for 1999, a year ahead of schedule.

During 1999, we increased our reserves for environmental liabilities, which resulted in after-tax charges to discontinued operations of \$61.7 million. We are actively pursuing recovery of our costs from our insurance carriers.

We generated more than \$180 million in cash flow from continuing operations. Our net debt-to-capitalization ratio is under 50 percent. We have the resources to continue to invest in the growth of our business, with an emphasis on the higher margin full service vending and other cold drink channels, and to make domestic acquisitions, which is our top priority.

We are optimistic about 2000. The integration of the domestic and International territories is proceeding more smoothly than we had anticipated. In the U. S., our initial focus was to bring together the sales organizations, which we did successfully.

In 2000, we anticipate further savings as we focus our attention on synergies in manufacturing and distribution. And we hope to realize further improvements from the application of information technology in administration, e-commerce, and procurement.

The price increases we realized in the U.S. in 1999 are holding as we enter 2000, and as the year closed volume growth was returning to its historic level. We are launching FruitWorks this year, and will realize a full year's benefit from the introduction of products like Avalon water in the Heartland territories.

LOOKING TO THE FUTURE

In Central Europe, we will continue to seek opportunities to reduce costs and expand our business into higher margin channels. And we are in various stages of negotiation with several companies to distribute their products in markets where we have operations.

Our odyssey will continue in 2000 as we maximize the opportunities of the transaction with PepsiCo. Hopefully investors' infatuation with will-of-the-wisp technology stocks will wane and the market will return to its senses, realize that companies with real earnings and substantial returns are significantly undervalued, and recognize the potential of Whitman Pepsi General.

Charles Locke, a director for nine years, will retire at our annual meeting in May. He has been Chairman of our Audit Committee for six years. I hope that all shareholders appreciate the support and good counsel Charley has given us over the years. We will miss him, and we wish him well in his retirement.

In February, 2000, the Board elected Larry D. Young President and Chief Operating Officer. Larry had previously served as Executive Vice President and COO.

As announced last year, I plan to step down as Chairman sometime around the end of the year. A search for my successor is underway. The Board is considering internal and outside candidates. I have agreed to stay on until the Board of Directors has reached a decision.

Whomever the Board chooses as my successor, the direction of Whitman Corporation is set. This company began as the Illinois Central Railroad, subsequently became a conglomerate in the 1960's, then began to sell and spin-off its' several businesses beginning in the 1980's, and in 1998, with the spin-offs of Midas and Hussmann, decided to become a pure bottling company. And in 1999, we became an anchor bottler for the PepsiCo system.

Indeed, "What a long, strange trip it's been."



BRUCE S. CHELBERG
Chairman and Chief Executive Officer

Profile of Whitman Pepsi General

DOMESTIC BUSINESS

In the United States, the company now serves a market of about 35 million in 9 states, and represents more than 17 percent of PepsiCo's domestic volume. The company has PepsiCo's approval to acquire additional franchises in the central part of the U.S. If Whitman Pepsi General were to acquire these territories, the company would account for about 22 percent of Pepsi's domestic volume.

Whitman Pepsi General's domestic brands include Pepsi, Diet Pepsi, Pepsi One, Caffeine Free Pepsi, Caffeine Free Diet Pepsi, Wild Cherry Pepsi, Mountain Dew, Diet Mountain Dew, Mug Root Beer and Cream Soda, Slice, All Sport, and Aquafina water. In the first quarter of 2000, the company began distributing FruitWorks, a new juice drink from PepsiCo. Whitman Pepsi General also distributes Lipton Iced Tea, Lipton Brisk, Starbucks Frappuccino, Ocean Spray juice drinks, Avalon spring water, Hawaiian Punch, Sunny Delight, Dr Pepper, 7-Up, Nesbitt Lemonade, Seagram's ginger ale and mixers, and other products.

In 1999, alternative non-carbonated beverages accounted for nine percent of the company's volume.

The company distributes its products principally through the take home, on-premise, and fountain channels. It has 14 bottle and can plants and 69 distribution centers in the U.S., operates a fleet of about 4,500 vehicles, and employs approximately 7,800 people.

The company has made a significant investment in the cold drink channel, a strategy that includes adding points of access by investing in vending equipment and coolers. The cold drink channel accounted for nearly a third of all domestic volume in 1999. The company now has more than 60 vendors per 10,000 people. Its goal is to have 100 vendors per 10,000 people within a few years.

In 1999, on a pro forma basis, U.S. operations accounted for 82 percent of the company's 8-ounce equivalent volume and 90 percent of its revenue. International operations in Central Europe accounted for the balance.

INTERNATIONAL BUSINESS

Whitman Pepsi General also distributes soft drinks in Poland, Hungary, Czech Republic, and Republic of Slovakia, a market totaling approximately 65 million people.

The company has eight bottle and can plants, 39 distribution centers, operates a fleet of approximately 1,900 vehicles, and employs approximately 3,900 people. It also relies on third party distributors to serve some channels.

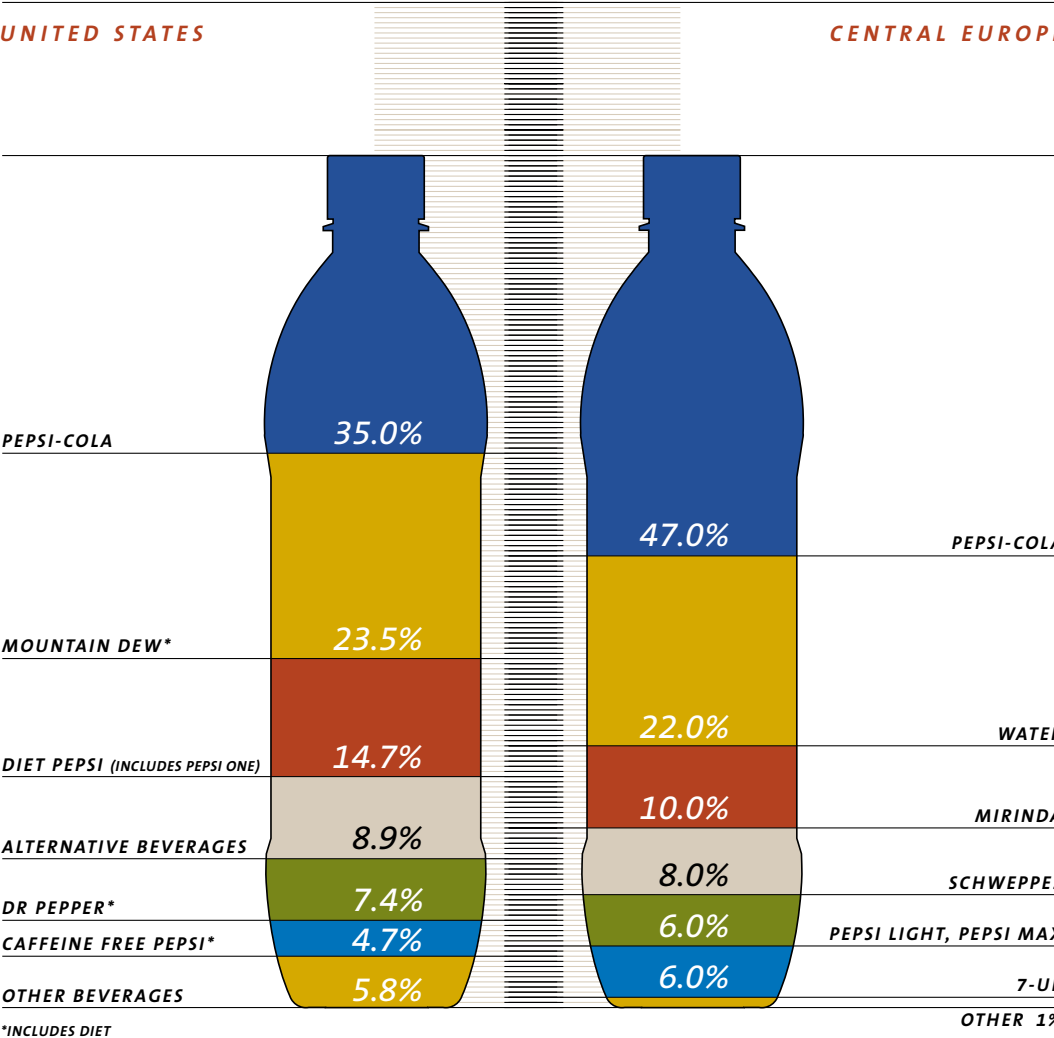
The company believes that International markets provide the greatest opportunities for long-term growth because per capita consumption in those markets is well below the level of Western Europe and the U.S. The markets where Whitman Pepsi General operates are politically stable and oriented toward the West. Gross domestic product in Central Europe

is rising, disposable income is increasing, and soft drink sales have been growing steadily over the past few years.

Whitman Pepsi General distributes all PepsiCo brands, including Pepsi, Pepsi Light, Pepsi Max, and Mirinda flavors, as well as 7-Up and Cadbury-Schweppes products. In addition, it distributes Hortex juices in Poland, Rauch juices in Hungary, and Toma products in the Czech Republic.

Whitman Pepsi General strongly believes that to succeed in Central Europe, nationals should manage the business because they understand the culture, the people, and the market better than any expatriate can. Currently, the company has only six American expatriates working in Central Europe, and nine expatriates from other countries.

1999 Brand Mix



Directors and Officers

BOARD OF DIRECTORS

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Whitman Corporation*

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Richard G. Cline
*Retired Chairman and Chief
Executive Officer of Nicor Inc.
and Chairman of Hussmann
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*Retired Chairman and Chief
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Robert F. Sharpe, Jr.
*Senior Vice President, Public
Affairs and General Counsel
PepsiCo, Inc.*

Karl M. von der Heyden
*Vice Chairman
PepsiCo, Inc.*

OFFICERS OF WHITMAN CORPORATION

Bruce S. Chelberg
*Chairman and Chief
Executive Officer*

Larry D. Young
*President and Chief
Operating Officer*

Steven R. Andrews
*Senior Vice President,
Secretary and General
Counsel*

Charles H. Connolly
*Senior Vice President -
Corporate Affairs and
Investor Relations*

Martin M. Ellen
*Senior Vice President and
Chief Financial Officer*

Lawrence J. Pilon
*Senior Vice President -
Administration*

Shareholder Information

SHAREHOLDER SERVICES, TRANSFER AGENT, AND REGISTRAR

Questions about shareholder account-related matters, including stock transfers, dividends, change of address, loss of a stock certificate, DirectService® stock purchase plan and dividend reinvestment plan, or Form 1099 information, should be directed to: Whitman Corporation, c/o EquiServe, P. O. Box 2500, Jersey City, New Jersey 07303-2500. Or call toll-free 1-800-446-2617. You can also e-mail inquiries through EquiServe's home page at www.fctc.com.

Direct all other questions to Whitman Corporation, Attention: Investor Relations, 3501 Algonquin Road, Rolling Meadows, IL 60008. Or e-mail inquiries through Whitman's home page at www.whitmancorp.com.